

millions of separate accounts invested in a myriad of stocks and bonds. Much of the money would go to Wall Street investment houses which is why they like the privatization idea so much.

In Chile, which privatized its retirement system in 1981, people pay between 10 and 20 percent of their annual retirement contribution just to maintain their account. The stock market would have to perform spectacularly to make up for that kind of expense.

WHAT'S WRONG WITH INVESTING THE SOCIAL SECURITY FUND IN STOCKS?

Clinton and others are advocating that part of the Social Security system's extra money be invested in the stock market instead of the Treasury, hoping that it would collect more interest there. Because the money would still stay in one big lump, the administrative costs wouldn't stack up the way they would if everyone had their own account.

But again, the stock market is volatile. There's no guarantee that the gamble would pay off.

Dean Baker and others also worry that investing the Social Security Fund in the stock market just opens the door to further privatization. "I think it plays into the hands of people who want individual accounts," he says. "It logically leads people to believe that there's a fortune to be made in the stock market. And if there's a fortune to be made, well then, let me get access to that as an individual. But in fact, there isn't a fortune to be made, because they've overestimated the returns."

As it happens, financial institutions hate this aspect of Clinton's plan. If dollars are going to be invested in the stock market, they want to get a cut. But that won't happen if the government does the investing in one big lump. Financial types have also complained about the "danger" of having the government controlling such a big chunk of change on Wall St.

Because so much of the Social Security reform debate is being driven by Wall Street, Baker believes this plan isn't going anywhere. And he's glad.

RAISING THE RETIREMENT AGE & OTHER "POPULAR IDEAS"

There are many other proposals afloat for "saving" Social Security. There's Clinton's idea of setting up voluntary "Universal Savings Accounts" outside the Social Security system. Workers could contribute through payroll deduction and the government would match their contribution. Workers could then invest this pot of money in the stock market. What's ironic about this plan is that it does nothing to address the alleged crisis in the Social Security system. But it does address the deep desire of Wall Street brokers to get a massive new influx of commissions. And it would also ease the way for cutting back Social Security in the years to come.

Some people have proposed shoring up Social Security by cutting back or even eliminating rich people's access to Social Security. At a time when the rich are filthy rich, this does sound appetizing. But politically, it's probably poison. Because these days, any program that's perceived as a poor people's program is likely to end up on the chopping block—just like Medicaid and welfare.

Some of our elected officials propose raising the eligibility age to get full Social Security benefits as a way of keeping money in the system. The retirement age is already slated to rise from 65 to 67 in the coming

years, but they want to force us to work even longer. Proponents of this idea think it's only fair, since Americans are living longer than they used to.

Anyone who can make this argument has probably never worked in a hospital, a refinery, or on a railroad. No one should be forced to do this work at the age of 70! The average black man can't possibly like this idea, since in this country a black man born in 1950 was expected at birth to live only 59 years, on average; he'll never see a dime of Social Security money. Instead, we should be talking about lowering the retirement age to match that in other industrialized countries—and to reflect our growing productivity (See "But Other Countries Do Better.")

One plan by two leading Democrats, Sen. Daniel Patrick Moynihan of New York and Sen. Bob Kerrey of Nebraska, would both increase the retirement age to 68 and reduce Social Security's cost-of-living adjustment by a percentage point. Dean Baker points out that such a COLA cut would really add up for people who live into their 80s and 90s. By the time someone reaches 85, they would see their annual benefit reduced by 19 percent. That makes it hard to pay the rent.

There are more equitable ways to bring more money into the Social Security system. The Labor Party and others advocate eliminating the cap on the payroll tax. But our main message is this: When it comes to Social Security, our most popular and efficient social program . . . if it ain't broke, don't fix it.

EDUCATION FLEXIBILITY PARTNERSHIP ACT OF 1999

SPEECH OF

HON. NANCY PELOSI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 10, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 800) to provide for education flexibility partnerships:

Ms. PELOSI. Mr. Chairman, I rise in support of the Miller Amendment to the Ed Flex Bill to promote educational accountability. We all recognize that education is central to the lives of America's children and is central in our effort to develop healthy communities. At today's Appropriations Subcommittee Labor-HHS-Education Hearing, I listened to the Department of Education's testimony.

They stress the importance of results and performance based educational instruction and funding. While Federal education programs should be administered with flexibility, this flexibility must be met with effective accountability provisions and assurances funds targeted for America's impoverished children.

For these reasons, I support Democratic amendments to strengthen educational reporting and accountability requirements and to require local districts to target funds to economically disadvantaged students. To be effective and accountable, states and schools must develop and maintain effective management and information systems, collect student data, design and implement effective assessment plans, and issue timely and parent-friendly reports.

I support Representative MILLER's amendment to require States that seek waivers to

first have in place a viable plan to assess student achievement. It also requires States to use the same plan throughout H.R. 800's full five-year flexibility plan. States must establish, as they determine appropriate, concrete quantifiable goals for all their students as well as specific student subgroups, such as impoverished students. If states find achievement gaps between student subgroups, they must set goals to close these gaps.

We must not choose between flexibility and accountability. America's children deserve both. We must work for both and target our education funds effectively. I urge my colleagues to support the Miller amendment.

EDUCATION FLEXIBILITY PARTNERSHIP ACT OF 1999

SPEECH OF

HON. RODNEY P. FRELINGHUYSEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 10, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 800) to provide for education flexibility partnerships:

Mr. FRELINGHUYSEN. Mr. Chairman, I rise in support of H.R. 800, the Education Flexibility Partnership Act. This bill would expand the "Ed Flex" demonstration program, which is currently in use in 12 states, to allow all 50 states to participate, and has broad, bipartisan support from a number of groups from our governors to our local school boards.

I support this bill because I believe that our states need more flexibility when it comes to making decisions on spending Federal education dollars. Local school board members and school administrators are better positioned than Federal bureaucrats in Washington to make decisions that will lead to positive improvements in our children's education.

The "Ed Flex" bill will allow local school districts to have greater flexibility in how they spend Federal education dollars. It empowers them to determine how to best meet the needs of their students. In exchange, states will get greater accountability from local school districts on how that money is being spent, and whether the flexible spending has improved results.

We hear of numerous examples from the pilot states that have benefitted from the "Ed Flex" program. In these states, scores have increased and students have excelled, even in the poorest areas. My governor in New Jersey, Christine Todd Whitman, has made clear what "Ed Flex" will mean to our students. She said, "Ed Flex would be another tool in our arsenal to better coordinate state and Federal requirements to provide maximum support for our reform efforts with the specific goal of improving student performance."

"Ed Flex" is an idea whose time has come. The flexibility will allow school districts to stretch limited dollars farther, and use money where it is most needed. There must still be accountability from our local school districts on how the money is being spent, and whether core needs—such as math and science education—are being met. This bill provides that accountability.

Mr. Chairman, I support H.R. 800, and urge my colleagues to do the same.

EDUCATION FLEXIBILITY
PARTNERSHIP ACT OF 1999

SPEECH OF

HON. MATT SALMON

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, March 10, 1999

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 800) to provide for education flexibility partnerships:

Mr. SALMON. Mr. Chairman, I rise today in support of the Education Flexibility Partnership Act (H.R. 800). This legislation, as the title implies, empowers states with greater flexibility in administering certain federal education programs. When one considers that federal dollars represent only about seven percent of total primary and secondary education funds, but 50 percent of the time districts spend on paperwork, common sense demands a more flexible process of distributing federal resources.

Federal education programs have been more successful in creating jobs for bureaucrats—over 25,000 a year—than in improving the educational performance of America's children. The results of the Third International Mathematics and Science Study (TIMSS), released last year, emphasize this point. TIMSS revealed that U.S. 12th-graders scored next to last in advanced math and dead last in physics. Reading scores, which were not measured by the international tests, were equally disappointing. Forty percent of fourth graders can't even read at the basic level. Unfortunately, the increased federal contribution in education over the past 30 years has not resulted in a corresponding improvement in the quality of the education our children receive. Hopefully, passage of Ed-Flex will mark the first of many steps taken by the 106th Congress to reform antiquated federal education programs.

Only 12 states currently participate in Ed-Flex. As constructed, Ed-Flex provides greater state and local flexibility in utilizing federal dollars. The legislation before us provides for the expansion of this program to all 50 states.

In a letter to me dated March 9th (which I will have included in the CONGRESSIONAL RECORD) Arizona Superintendent of Public Instruction Lisa Graham Keegan expressed support for H.R. 800 and stated that Arizona will apply for Ed-Flex status. There is one potential glitch that needs to be resolved so that Arizona can participate. A November 1998 GAO report on Ed-Flex concluded that Arizona did not qualify for this program because the state did not have the authority to waive state statutes or regulations—a prerequisite to participate in the program. I have been assured by the Education Committee that report language to accompany the bill will clarify that Arizona is eligible to participate in Ed-Flex.

Passage of Ed-Flex marks progress in the effort to loosen the federal strings that have strangled innovative and effective education programs. We've taken a positive step today

and I look forward to working on additional legislation that will remove administrative burdens so that schools can spend more time teaching kids.

DEPARTMENT OF EDUCATION,
Phoenix, AZ, March 9, 1999.

Hon. MATT SALMON,
House of Representatives,
Washington, DC.

DEAR CONGRESSMAN SALMON: Later this week, the U.S. House of Representatives will begin its debate on H.R. 800, the Education Flexibility Partnership Act of 1999. While this legislation still falls short of giving State and local education agencies the full flexibility they need to deliver the best education to children, it is, nevertheless, a step in the right direction. For this reason, the Arizona Department of Education (ADE) urges you and your colleagues to support this legislation.

Given the opportunity afforded by this legislation, Arizona will apply for Ed-Flex status. According to the General Accounting Office's November 1998 report on Ed-Flex, Arizona did not qualify for the Ed-Flex program because the State did not have the authority to waive State statutes or regulations. While the Arizona State Board of Education has never asserted its right to waive State statute, Arizona Administrative Code R7-2-801 clearly gives the Board the authority to issue waivers from administrative rules. I have enclosed a copy of this rule for your reference.

We are uncertain if whether upon review of Arizona's administrative structure it was determined that the State Board of Education's authority to waive regulations did not sufficiently meet the Ed-Flex Act requirement that the "State" have such waiver authority. As our State Board has the authority to act as the "State" when it comes to accepting federal dollars, we feel its ability to waive state regulations should also clearly mean that the "State" has such an authority when it comes to meeting the requirements of Ed-Flex. We therefore support including report language to clarify that, in states where a State Education Agency is defined as the State Board of Education, the authority of the State Board to waive regulations should be considered adequate authority to qualify for Ed-Flex.

While ADE will, as mentioned above, apply for Ed-Flex status, I must bring to your attention one provision of this legislation that is still of serious concern to Arizona.

Under Section 4(c)(1)(E) of H.R. 800, States are prohibited from waiving any statutory or regulatory requirements relating to the distribution of funds to States or to local education agencies. There are a number of reasons this explicit prohibition will directly obstruct our efforts to improve the quality of education in Arizona.

As you know, Arizona is home to more charter schools than any other state in the nation, with 311 schools serving more than 30,000 students across our State. New charter schools are being created and chartered regularly, and it is our policy to provide to the charter school the federal funding that its attending students generate as soon as the charter school comes into existence. This is what we call "real time" funding. We do not wait for the charter school to report its student data to us at the end of the year, and then fund the school based on prior year data. However, in order to ensure that we will have funding on hand to provide to these charter schools that crop up, it is ADE's policy to reserve a portion of its Title I funding at the State level to be used specifically for this purpose.

The federal government recently changed the way it allocates Title I funding, so that these dollars now flow directly to the existing LEAs. In most circumstances, I strongly support efforts that leave the SEA out of the equation and provide as much funding as possible to the local level. However, this allocation method does not take into account any charter schools that might come into existence at a later date. That means that these new charter schools, and the children attending them, are left holding the bag without any funding—and that, I can tell you, I do not support.

For this reason, ADE would like the flexibility to continue with its unique policy of reserving funds at the State level for the sole purpose of funding newly-created charter schools. However, even Ed-Flex, with its explicit prohibition on waiving requirements related to the distribution of funds, will not allow us to do this. The current proposal will not allow us to fund charter schools in a way that is consistent with our state policy and which aligns itself with our philosophy of sending funding directly to the school where that student is being taught as quickly as possible.

I find it ironic, and a bit discouraging, to know that even as the President and the Administration are encouraging the creation of 3,000 charter schools by the year 2000, they are, at the same time, impeding the efforts of states to fund them. Nonetheless, even with the prohibitive language included in this bill, we plan to include a request to waive some restrictions on the allocation of federal funds in our Ed-Flex proposal. As I understand it, flexibility and accountability are at the heart of Ed-Flex. It is our intention, then, to allocate dollars in a manner consistent with Arizona's philosophy of funding students while at the same time remaining fully accountable for these funds. I know we can count on your support for these efforts, and I hope we can count on the Congress' support as well.

The Arizona Department of Education prides itself in helping educators across our State concentrate on the task of teaching students, not conforming with burdensome regulations and reporting requirements. For this reason, we are supportive of any efforts by the Congress to give schools and State and local education agencies the flexibility they need to do their jobs well. H.R. 800 is a good start, and deserves the support of Congress.

I urge swift passage of this legislation.

Sincerely,

LISA GRAHAM KEEGAN,
Superintendent of Public Instruction.

THE HEALTHY KIDS 2000 ACT

HON. JO ANN EMERSON

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 11, 1999

Mrs. EMERSON. Mr. Speaker, today I join my colleague, Senator KIT BOND, in introducing legislation that addresses one of the greatest challenges of our Nation: assuring quality health care for pregnant women and appropriate pediatric care for infants. Our bill, the Healthy Kids 2000 Act, builds upon the Birth Defects Prevention Act signed into law last April, by consolidating programs and providing more funds for local initiatives to prevent birth defects and maternal mortality.